

SENATE RECORD VOTE ANALYSIS

105th Congress
2nd Session

Vote No. 96

April 23, 1998, 10:05 am
Page S-3471 Temp. Record

EDUCATION SAVINGS ACCOUNTS/Student Improvement Incentive Awards

SUBJECT: Education Savings Act for Public and Private Schools . . . H.R. 2646. Kempthorne modified amendment No. 2302 to the Landrieu amendment No. 2301.

ACTION: AMENDMENT AGREED TO, 58-42

SYNOPSIS: As amended, H.R. 2646, the Parent and Student Savings Account PLUS Act, will enact the compromise provisions of S. 1133, as reported, on education savings accounts and other education initiatives. It will expand the recently enacted education savings account tax credit, will provide an exclusion from gross income for distributions from qualified State tuition programs, will extend and expand the current-law section 127 tax exclusion (for employer-provided education assistance), and will assist local governments in issuing bonds for school construction by increasing the small-issuer bond exemption. The bill will also enact a proposal to give school construction aid to high growth districts. In total, approximately \$6 billion in tax relief for education over the next 10 years will be provided. That cost will be more than fully offset by modifying the employer deduction for vacation pay and by changing the treatment of the foreign tax credit carryback and carryforward periods (for increased revenues of \$6.9 billion over 10 years). The education tax credit will be expanded by increasing the annual contribution limit for education IRAs from \$500 to \$2,000 for taxable years 1999 through 2002 and by changing the definition of qualified education expenses to include kindergarten through twelfth grade (K-12) expenses (the credit currently applies only to higher education expenses).

The Landrieu amendment would strike the bill provisions on education savings accounts and would instead authorize a new program under which the Secretary of Education could pick up to 250 schools per year to give \$100,000 because in his opinion they had "established standards of excellence and demonstrated a high level of quality." Each school that was picked would be called a "Blue Ribbon School" for 3 years. Both public and private schools could be picked.

The Kempthorne modified perfecting amendment would restore the bill provisions on education savings accounts that would be stricken by the underlying amendment, would strike the provisions to authorize funding for Blue Ribbon Schools, and in lieu

(See other side)

| YEAS (58) | | | NAYS (42) | | NOT VOTING (0) | |
|-----------------------------|------------------------|-----------|--------------------------|--------------------------|--------------------|------------------|
| Republicans (55 or 100%) | Democrats (3 or 7%) | | Republicans (0 or 0%) | Democrats (42 or 93%) | Republicans (0) | Democrats (0) |
| Abraham | Hutchinson | Cleland | Akaka | Inouye | | |
| Allard | Hutchison | Lieberman | Baucus | Johnson | | |
| Ashcroft | Inhofe | Reid | Biden | Kennedy | | |
| Bennett | Jeffords | | Bingaman | Kerrey | | |
| Bond | Kempthorne | | Boxer | Kerry | | |
| Brownback | Kyl | | Breaux | Kohl | | |
| Burns | Lott | | Bryan | Landrieu | | |
| Campbell | Lugar | | Bumpers | Lautenberg | | |
| Chafee | Mack | | Byrd | Leahy | | |
| Coats | McCain | | Conrad | Levin | | |
| Cochran | McConnell | | Daschle | Mikulski | | |
| Collins | Murkowski | | Dodd | Moseley-Braun | | |
| Coverdell | Nickles | | Dorgan | Moynihan | | |
| Craig | Roberts | | Durbin | Murray | | |
| D'Amato | Roth | | Feingold | Reed | | |
| DeWine | Santorum | | Feinstein | Robb | | |
| Domenici | Sessions | | Ford | Rockefeller | | |
| Enzi | Shelby | | Glenn | Sarbanes | | |
| Faircloth | Smith, Bob | | Graham | Torricelli | | |
| Frist | Smith, Gordon | | Harkin | Wellstone | | |
| Gorton | Snowe | | Hollings | Wyden | | |
| Gramm | Specter | | | | | |
| Grams | Stevens | | | | | |
| Grassley | Thomas | | | | | |
| Gregg | Thompson | | | | | |
| Hagel | Thurmond | | | | | |
| Hatch | Warner | | | | | |
| Helms | | | | | | |

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

thereof would add a section that would permit State educational agencies to use Elementary and Secondary Education Act funds to award public secondary schools that they determined by objective assessments to be outstanding schools.

NOTE: After the vote, in accordance with a prior unanimous consent request, the Kempthorne amendment was modified to be a first-degree amendment to the bill. The Senate then voted on the Landrieu amendment as it was offered (see vote No. 97).

Those favoring the amendment contended:

We agree with supporters of the Landrieu amendment that it is a good idea to give outstanding schools financial rewards. That approach will encourage schools to improve in the hope of winning greater funding. Pumping more and more money into failing schools does not encourage them to succeed; in fact, it rewards failure. However, we have several major problems with the Landrieu amendment. First, it would strike the funding for the education savings accounts. As on all of the previous amendments on this subject, our colleagues have mistakenly characterized the 15 million low-income and middle-income families that would benefit from those accounts as "rich," and they have again underestimated the value of the accounts because the average tax benefit would "only" be around \$30 per year. As we have explained on so many prior occasions, the great benefit of this bill is that it will encourage Americans to save their own money for education. By giving a tax break that will cost \$500 million over 5 years and \$1.5 billion over 10 years, 15 million American families will save \$5 billion over 5 years and \$10 billion over 10 years to spend on education. In contrast, their amendment would just authorize \$1.6 billion in new Federal spending on Education, directly under the control of the Department of Education, on a very small percentage of the schools in America. Thus, the Landrieu amendment would spend more money, instead of giving a tax break, and would accomplish a lot less. The second problem we have with the amendment is that it would increase overall spending. We think that a much better idea would be to spend the money that is being given now more wisely. In 1971, in constant dollars, per pupil expenditures in America totalled \$4,000. Over the next 25 years, those expenditures gradually rose to \$6,000 today, and at the same time the performance of students gradually declined. Clearly the problem with education today is not underfunding. The third problem we have with the Landrieu amendment is that it would place the Department of Education totally in charge of the honey pot. States would not have any authority to pick schools. Right now the Department of Education has a program under which it considers State input, but there is no requirement in this amendment for it to continue to do so. The current program just gives recognition--schools get a plaque and a pat on the back. If large cash handouts were involved, we imagine that other considerations could unofficially become involved, such as whether the schools were located in districts of particular Members of Congress who were Members of a particular political party. Though we have serious objections to the Landrieu amendment, we still support its principle that good schools deserve to be rewarded. Therefore, we have offered the Kempthorne amendment as a substitute. First, this amendment would restore the education savings account provisions, which are the heart of this bill. Second, it would substitute a school award program that would not have the defects of the Landrieu amendment. It would not add new funds; it would allow States to use their Elementary and Secondary Education Act funds to give awards. Also, it would not put the Federal Government in charge of picking schools; instead, it would leave the decisions at the State level. The States are closer to the schools and thus are in a better position to judge. Finally, it would prevent the decisions from being politicized, by requiring States to make awards based upon objective assessments. The Kempthorne amendment's approach is clearly preferable to the approach taken by the underlying amendment. We urge our colleagues to support it rather than the Landrieu amendment.

Those opposing the amendment contended:

The Kempthorne amendment would not do anything to reward good schools. As we understand matters, States can already use their Elementary and Secondary Education Act money to give awards. Also, unlike the underlying amendment, it would not allow private, including parochial, schools to get any money. The Landrieu amendment is clearly preferable. The Department of Education already has a blue ribbon program. Schools in a State help identify outstanding schools, and then the Secretary of Education calls officials from those schools to Washington to give them each a plaque and a big blue ribbon. Every year 250 schools are honored, and there is no discrimination against private or religious schools. It is nice for the schools that are honored, but it really is not very helpful. The Landrieu amendment would make it helpful by authorizing \$100,000 awards for every winning school. We imagine that giving such awards would serve as a very strong incentive for all schools to improve in an effort to win an award, and it would help the winning schools get even better. The funding for the program would come from eliminating the education savings account provisions of the bill. Those provisions will only give a little help, about \$30 per family, and will only help people with enough money to open savings accounts. This amendment is clearly preferable both to the provisions of the underlying bill and to the Kempthorne amendment. We urge our colleagues to reject the Kempthorne amendment, and agree to the Landrieu amendment.